

Review of Applicants Viability Appraisal

Application HPK/2022/0456

Land at Dinting Vale,

Dinting

Glossop

Derbyshire SK13 6NY

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1 Non Technical Summary

Property	Land at Dinting Vale, Dinting, Glossop, Derbyshire SK13 6NY
Location	The application site lies to the west of the main A57 Dinting Vale, moreorless opposite the Dinting Church of England Primary School and the Holy Trinity Church, within sight of the Dinting Viaduct with the railway line a short distance to the west. A modern housing estate lies to the rear off Valley Road
Description	An irregular shaped site of some 11.61 acres with a short frontage to the A57. A narrow unsurfaced track passes east to west through the site off Simmondley Lane providing access to a scout centre and a collection of houses known as Adderley Place which adjoin the site. There is dense area of woodland to the front, north of the track whilst the remainder of the site, to the south of the track is more open in nature. The site slopes steeply towards the A57 and there is a further steep slope to the southern boundary where it adjoins the modern housing development.
Planning Application	A planning application for the Proposed Development was submitted and registered under reference number HPK/2022/0456 for <i>“Proposed residential development comprising 100 dwellings including areas of public open space, landscaping and associated works”</i>
Proposed Development	<p>A scheme of 100 dwellings with access of the A57 via a winding access road through the woodland to accommodate the slope leading to 10 dwellings north of the track and 90 to the south.</p> <p>Part of the woodland area is to be cleared to provide access and an attractive landscaped area of open space. The tree belt around the boundaries will be maintained and there is a further area of open space on the southern boundary with a footpath link into County owned land adjoining the railway line.</p> <p>The accommodation includes</p> <ul style="list-style-type: none">• Six x one bedroom apartments in a single block• 41 x two bedroom semi detached/terraced houses• 24 x two and three storey three bedroom semi-detached houses• Eight x three/four bedroom detached houses• 21 x two and three storey detached four bedroom houses

Comment	<p>The Applicant's viability appraisal has been carried out using the residual valuation method having regard to the National Planning Policy Framework 2018 (the NPPF), the Ministry of Housing, Communities and Local Government's document titled Viability dated 1st September 2019; and the RICS Professional Statement Financial viability in planning: conduct and reporting (1st Edition, May 2019).</p>
Conclusion	<p>Benchmark Land Value - £1,057,250</p> <p>Residual Land Value - £3,720,000</p> <p>In our opinion the scheme proposals can provide affordable housing; the exact extent of which can be determined once the additional details relating to abnormal development costs have been supplied and the Applicant has had an opportunity of responding to this Review.</p>
Major Issues or Areas of Disagreement	<p>The major area of disagreement between the parties relates to:</p> <ul style="list-style-type: none">• The assessment of the BLV• the assessment of the GDV• profit margin for the market housing <p>In due course, and as necessary, the parties should cross-reference the results of the respective appraisal results to evidence from comparable development land transactions.</p>
Note	<p>The above is merely a summary of this report following our review of the Applicant's viability appraisal and reference should be made to the remainder of the document.</p> <p>This report has been prepared to assist the Local Planning Authority in their determination of the ability of a development at the property to viably contribute to the provision of Affordable Housing. The Valuer is entitled to make certain assumptions which during subsequent legal or other investigations may prove to be inaccurate.</p>

2 Terms of Instruction

- 2.1 In accordance with your instructions, we have prepared a report following a review of the Applicant's Financial Viability Appraisal (FVA) dated 28 September 2022 prepared by DEVVIA Property Consultancy (Devvia). Our advice seeks to determine whether the Proposed Development under application reference HPK/2022/0456 is viable form of development and whether there is the prospect of securing a Policy Compliant affordable housing mix rather than a nil provision under the Proposed Development.
- 2.2 The FVA concludes that the Proposed Development based upon 100% market housing and Section 106 contributions of £104,025 is unviable when compared to their opinion of Benchmark Land Value (BLV) of £1.596 million. The Residual Land Value (RLV) for the Proposed Development yields £422,000. Further it concludes that even taking away those Section 106 contributions does not materially improve viability. The RLV increases to £520,000 which is still well below their opinion of BLV.
- 2.3 Moreover, a Policy Compliant Development (30% provision split 80% Affordable Rent and 20% Shared Ownership) is stated to yield a RLV of -£3,223,722.
- 2.4 This report is prepared by **Guy Emmerson MRICS RICS Registered Valuer** who has sufficient current local, regional and national knowledge of the particular market and the skills and understanding to undertake this review of the Applicant's viability appraisal competently.
- 2.5 We confirm that this report is prepared in accordance with the NPPF, PPG, RICS Valuation – Global Standards 2017 and RICS Professional Statement Financial viability in planning: conduct and reporting (1st Edition, May 2019) and that we are acting as a Suitably Qualified Practitioner as defined therein.
- 2.6 In providing our advice we have sought to determine (1) the Benchmark Land Value of the property and (2) the Residual Land Value of the property with planning permission for the Proposed Development. In arriving at our opinion of the Residual Land Value we have sought to agree inputs to the residual appraisals based upon '*not unreasonable*' assumptions within standard ranges and where possible evidence from the market. We then cross-check the residual values generated by these appraisals against evidence from comparable development land transactions where available. At this stage, the Applicant has not provided any land sales evidence for us to comment upon.

- 2.7 This approach is consistent with best practice and RICS guidance in relation to the valuation of development land. The land values derived from residual appraisals are very sensitive to small changes to the inputs adopted and this cross-checking exercise and sensitivity testing is an important and necessary stage in the accurate valuation of development land.
- 2.8 The RICS Professional Statement Financial viability in planning: conduct and reporting 1st Edition May 2019 requires appraisers to consider the outputs of the residual appraisals objectively and with the benefit of experience and to apply judgement to the outcome of the residual appraisals. That is to say – determine whether there is any land sales evidence to support the results of our residual appraisal. The Professional Statement requires sensitivity analysis of the inputs to the residual appraisal to assess how changes in inputs can affect viability and to understand the extent to which a residual appraisal enables an appropriate determination of viability to be made.
- 2.9 The requirement to stand back can best be achieved by comparison of the RLV derived by reference to the residual appraisals with evidence from the sale of comparable development land transactions in line with the requirements of RICS Guidance Note (Valuation of Development Property). This is confirmed by the RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st Edition, March 2021 effective from 1st July 2021 at paragraph 2.2.4.
- 2.10 We confirm that, to the best of our knowledge and belief, we have had no material involvement with the property forming the subject of planning application HPK/2022/0456 or the Applicant, Wain Homes. We therefore consider that we do not have any conflict of interest in providing this report.
- 2.11 We confirm that in carrying out this review of the FVA we have acted with objectivity; impartiality; without interference; with reference to all appropriate sources of information; and that no contingent or performance-related fee has been agreed. In providing our review we have considered the most effective and efficient way to deliver the development and our review reflects the way the development would actually be carried out.
- 2.12 This Report has been prepared on the basis that there has been full disclosure of all relevant information and facts by the Applicant. It is provided for the stated purposes and only for the use of the party whom it is addressed.

3.0 Site Location

- 3.1 The application site lies in Dinting village, to the west of the main A57 Dinting Vale, moreover opposite the Dinting Church of England Primary School and the Holy Trinity Church, within sight of the Dinting Viaduct with the railway line a short distance to the west. A modern housing estate by Avant Homes lies to the rear off Valley Road
- 3.2 Dinting has little in the way of amenities but the market town of Glossop is a short distance to the east with a Tesco superstore within walking distance adjoining the Wren Nest Retail Park supports Wickes, Argos, Costa and Next outlets
- 3.3 There is an older style industrial area to the north of the site across Glossop Brook adjoining the allotments and the Plater chemicals site on the way up to Dinting railway station.
- 3.4 The site is outside the Green Belt and mostly outside the floodplain associated with Glossop Brook with just a small area by the main site access affected.
- 3.5 A location plan is attached at Appendix One. Our understanding of the extent of the subject property is outlined in red on the extract which is provided for identification purposes only and taken from the planning file.

4.0 Site Description

- 4.1 An irregular shaped site of some 11.61 acres with a short frontage to the A57. A narrow unsurfaced track passes east to west through the site off Simmondley Lane (by the Cricket Club) providing access to a Zion Chapel, scout centre and a collection of houses known as Adderley Place which adjoin the site.
- 4.2 There is dense area of woodland to the front of the site, north of the track, whilst the remainder of the site, to the south of the track, is more open in nature. The site slopes steeply towards the A57 and there is a further steep slope to the southern boundary where it adjoins the modern housing development.

5.0 Proposed Development – HPK/2022/0456

- 5.1 A planning application for the Proposed Development was submitted on 7 October 2022 and validated on 3 November 2022 under reference number HPK/2022/0456. The planning application is for *“Proposed residential development comprising 100 dwellings including areas of public open space, landscaping and associated works”*
- 5.2 The site has a gross area of some 11.6 acres and a net developable area of 6.6 acres with the remainder as open space or non-developable land. Due to the site topography at the Dinting Vale end of the site, an estate road winds through that section of the site that lies north of the track, leaving areas of open space and retained woodland either side before straightening up immediately north of the track where a total of 10 x detached and semi-detached houses are to be situated.
- 5.3 The access road then heads over the track and straight towards the southern boundary of the site with estate roads off to the east. There is a small area of open space to the southern boundary of the site with a footpath off to a piece of County owned land adjoining the railway. Existing tree belts to the site boundaries are retained.
- 5.4 There is a single block of six flats and otherwise the development is in the form of mainly detached and semi-detached units with some short terraces of up to four dwellings. Each has a generally small garden and parking is via a mix of driveway spaces, integral garages or detached single and double garages. We can summarise the accommodation provided as follows:

House Type	Type	Parking	Storeys	Beds	Sq ft	Number	Total Sq ft
Chinley	Apartment	1 space	2	1	503	6	3,018
Trevithik	Mews/Semi	2 spaces	2	2/3	816	21	17,136
Brahms	Mews/Semi	2 spaces	2	2	880	20	17,600
Brunswick	Semi	2 spaces	2	3	916	14	12,824
Nelson	Detached	integral garage	2	3/4	1,013	8	8,104
Jenner	Semi	2/3 spaces	3	3/4	1,099	10	10,990
Newton	Detached	integral garage	2	4	1,233	11	13,563
Wordsworth	Detached	single garage	3	4	1,308	3	3,924
Shakespeare	Detached	integral garage	2	4	1,351	3	4,053
Priestley	Detached	double garage	2	4	1,528	4	6,112
						100	97,324

6.0 Viability Approach

6.1 A development proposal can be considered sufficiently viable to provide policy compliant planning contributions including Affordable Housing if the Residual Land Value (RLV) is equal to or more than the Benchmark Land Value (BLV). In arriving at our opinion of the RLV for the Proposed Development we have first adopted the residual valuation method and established the Gross Development Value (GDV) of the Proposed Development and then deducted all of the estimated costs of carrying out the Proposed Development and a reasonable developer's profit. As discussed earlier, the results of the residual appraisal are then, and where possible, cross checked against any land sale transactional evidence to ensure the valuation output from the residual appraisal is representative of market levels. The BLV has been determined having regard to the minimum return at which it is considered a reasonable landowner would be willing to sell the Application Property for development in accordance with the NPPF.

7.0 Benchmark Land Value

7.1 Benchmark Land Value (BLV) should be determined by reference to the existing use value (EUV) of the Application Property plus a premium for the landowner or by reference to the value in an alternative use (AUV). The EUV is the value of the land in its existing use and the premium should reflect the **minimum** return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development **while allowing a sufficient contribution to fully comply with policy requirements**. The EUV is not the price paid and should exclude hope value. The BLV is the threshold that, if exceeded by the RLV of the development, the development can be considered viable and below which a scheme will be unviable.

7.2 Para 014 of the NPPF guidance on Viability (2019) states that BLV should

- a) Be based on existing use value
- b) Allow for a premium to landowners
- c) Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees.

The Applicant's Approach

7.3 A BLV of £1,596,375 has been adopted by the Applicant. This assessment of the BLV is stated to have been based upon the Existing Use Plus a premium approach. The EUV has been assessed at £12,500 per gross acre to reflect a current equestrian use together with a premium of 10 x that sum resulting in figure of £137,500 per gross acre applied to the 11.61 acres.

7.3 No evidence has been provided for the £12,500 per acre equestrian land value nor for the £125,000 per acre premium.

Bruton Knowles Review

7.4 In terms of the EUV we are aware of the following evidence:

Grazing Land, Park Road, Hadfield, Glossop SK13 2AH

7.5 A 2.72 acre plot of grazing land close to Hadfield village with fencing and road access was marketed at offers in the region of £50,000 (£18,382 per acre) subject to overage provisions. We understand that it is currently under offer at that level albeit there were a wide range of offers received.

Land off Glossop Road, Chunal SK13 6JZ

7.6 Chunal is a rural hamlet on the A624 one and a half miles south of Glossop within the National Park. 24.5 acres of grassland fed by a natural spring with road access and a mix of dry stone walling and wire fencing. It is being marketed at £180,000 (£7,350 per acre). Having spoken to the agents we understand that a number of offers at that level have fallen through because purchasers had been looking at its development potential. A figure closer to £155,000 to £160,000 is considered more appropriate (£6,500 per acre) for its current use.

Sitch Lane, Birch Vale, High Peak SK22 1DN

7.7 5.98 acres of steeply sloping grazing/amenity land with areas of woodland but without vehicular access and a public footpath running through it. Frontage to Sitch Lane which is at a materially lower level. Impressive views and bridleway to one boundary. On the market at £50,000 (£8,360 per acre).

7.8 If one discounts Sitch Lane, one can see a tone of values between £6,500 per acre and £18,382 per acre depending on scale. This is a significant range but the Applicant's figure of £12,500 per acre for 11.61 acres would seem to align with the evidence we have. On that basis we are content to adopt it.

7.9 We do not however agree with the approach that then applies a significant premium to the entirety of the land. This is on the basis that some of it – for reasons of topography or tree cover or because it is part of the track; or Adderley Road - is not developable and must remain in its existing use as part of the development. This is mainly the land to the north of the track. The overall area north of the track is estimated at some 4.58 acres albeit some of it is shown as developable on the layout plan which we estimate at 0.64 acres leaving a net 3.94 acres undevelopable.

7.10 The land to the southern most boundary of the site, which is also steeply sloping, and the thick tree belt to the eastern boundary might also be considered undevelopable and we reserve the right to bring this area into the same category. However, at this stage, we are working on the basis of a net area for BLV purposes of 7.67 acres with a further 3.94 acres of undevelopable

land.

7.11 At this stage we are content to adopt a BLV based on the following pending further research into other BLVs agreed for greenfield sites of this nature in the locality.

Approximate net developable area 7.67 acres @ £125,000 per acre = £958,750

Approximate undevelopable area 3.94 acres at £25,000 per acre = £98,500

7.12 We therefore conclude that an appropriate BLV for viability purposes is **£1,057,250**. Available guidance would suggest that this BLV figure could be reduced to take account of some of the abnormal development costs associated with this site and again we reserve the right to revisit this aspect if appropriate.

8.0 Residual Land Value

8.1.1 Prior to considering a residual appraisal to establish the RLV for the Proposed Development we consider land sale transactions and any purchase price for the property to set the market context. At this stage, however, we are not aware of many recent development land sales in the locality at scale but consider that this is an issue that should be re-visited at a later date if necessary.

8.1.2 We understand that the Applicant does not currently own the Application Property but the Title Register refers to a contract of sale dated 14 September 2021 made between the Applicant and the current owners. The Applicant should therefore be requested to provide the details of this sale contract, including any details of a fixed price or price calculation mechanism as this could be informative of the RLV for viability purposes.

8.1.3 We are aware of the following land sales/marketing but at this stage we have been unable to obtain full information on each transaction. It is possible, if not likely, that most were acquired under the terms of an Option Agreement and all are net prices after allowing for abnormal development costs and the like. Our analysis is necessarily high level until further information can be obtained but it will be noted that each contributed to affordable housing; two at full policy compliant levels.

Shire Hill Hospital, Old Glossop, Glossop SK13 7QP

8.1.4 This site is a mile north of Glossop town centre and therefore in close proximity to the subject site. It comprises of 17.2 acres supporting the former Shire Hill Hospital buildings extending to 39,340 sq ft. The topography increases in height from south to north. It is close to the National Park boundary.

8.1.5 There is a current planning application awaiting determination in respect of the 4.2 acres immediately around the existing footprint for a development of up to 52 dwellings. The site is under offer and due to exchange and complete by the end of the month. At this stage, we have been unable to obtain any information relating to the value level but will monitor it moving forward.

Hawkshead Grange, Glossop

8.1.6 This is a former Mill site that has been put forward by the FVA as part of the Applicant's arguments in support of the BLV. It is a site for 30 contemporary homes acquired by Mandale Homes in September 2020 following grant of outline planning permission in June 2019 and reserved matters in October 2020. It is located on the edge of the urban area north east of Glossop. Based on the information provided by the Applicant, the purchase price was £1.45 million and the development needed to provide 13.33% affordable housing (four units). At its most simple, this equates to £48,333 per blended plot on a net land value level. We do not know the abnormal costs of development associated with this site nor whether it was acquired on an unconditional basis or under the terms of an Option Agreement. The latter would mean that the market value of the site would have been higher. In general terms, land values have increased since 2020.

Bridge Mill, New Road, Tintwistle

8.1.7 This BDW site was acquired in for £3,021,600 in December 2018 following the grant of outline permission for up to 165 units in March 2018 secured by the landowner and a reserved matters consent for 119 units in December 2018 secured by BDW. We understand 14 of the units (11.75%) were in the form of affordable housing. At a simple net land value level the purchase price equates to £25,391 per blended plot. Again we do not currently know sufficient detail to work out the gross land value for a direct comparison and we cannot be sure that the acquisition was not under the terms of an Option Agreement.

8.1.8 Again, land values will have increased since 2018/2019.

The Residual Appraisals

8.1.9 The FVA is dated 28th September 2022 and this review is now being undertaken in early March 2023. We have been consistent with the September assessment date where possible.

8.1.10 The FVA includes three appraisals, and we are focussing on the Proposed Development which has no affordable housing but does include a total of £104,025 of Section 106 contributions. The Applicant's RLV, on this basis, yields a figure of £422,000 which at a net land value of just £4,222 per market unit does not compare well with the BLV discussed above.

8.2 Gross Development Value – Market Housing

8.2.1 The FVA adopts a total GDV of £26,510,000 for the Proposed Development equating to an overall average of £272 per sq ft based on the following unit values

<i>One bed flats</i>	<i>£110,000 (£219 per sq ft)</i>
<i>Two bed houses – semi/terrace</i>	<i>£230,000 to £235,000 (£267 to £852 per sq ft)</i>
<i>Three bed houses - semi</i>	<i>£250,000 (£273 per sq ft)</i>
<i>Three bed houses – semi 3 storey</i>	<i>£275,000 (£250 per sq ft)</i>
<i>Three bed houses – detached</i>	<i>£290,000 (£286 per sq ft)</i>
<i>Four bed houses – detached 3 storey</i>	<i>£335,000 (£256 per sq ft)</i>
<i>Four bed houses – detached</i>	<i>£350,000 to £435,000 (£284 - 285 per sq ft)</i>

8.2.2 DEVVIA have provided some useful evidence of Land Registry sourced average prices, availability relating to new build property in the general area, historic transactions relating to new build stock and evidence of second hand stock within the previous six months within one mile of the site. We have sought to update some of the more relevant evidence provided focussing on the new build evidence where possible.

Uplands, Woolley Bridge, Hadfield, Glossop

8.2.3 This Richard Lloyd Homes development of some 31 units is situated further up the A57 towards Hadfield and Hollingworth next to the Glossop Caravan dealership and near established industrial parks/trade counter uses but opposite the Melandra Roman Fort site and open farmland. The site was acquired in 2017.

8.2.4 We are not aware of any sales at this stage but set out the current availability for context.

Bayport – four bedroom three storey detached house of 1,371 sq ft with integral garage (1,584 sq ft inclusive of garage)	£434,950 to £444,950 (£317 to £324 per sq ft)
Huntingdon – four bedroom detached house of 1,669 sq ft over three floors with off road parking	£509,950 to £514,950 (£305 to £309 per sq ft)
Woodmere (now sold out) – four bedroom semi-detached house of 1,321 sq ft over three floors with driveway parking	£364,950 to £369,950 (£276 to £280 per sq ft)
Cortland (now sold out) – three bedroom semi-detached house of 1,091 sq ft over three floors with driveway parking	£314,950 to £319,950 (£289 to £293 per sq ft)

Peakdale Rise, Charlestown Road, Glossop

8.2.5 A Langdale Homes development close to the fire station on the southern edge of Glossop in a mixed commercial and residential area. We are not aware of any completed sales at this stage but set out the current marketing prices as follows:

The Oak – four bedroom detached house of 1,157 sq ft with driveway parking £309,950 with £10,000 deposit contribution (£259 per sq ft)

Poplar – three bedroom terraced house over three floors with integral garage £249,950 with incentives available

8.2.6 We have also reviewed completed sales within the area since circa 2019 and have applied Land Registry House Price indexation to those original, new build sales to provide an approximation of current values up to November 2022 (the last LR update).

The View, Dinting Lane/Dinting Road, Glossop

8.2.7 This is a scheme of 20 houses constructed in circa 2019/2020 and achieving sales across the period March 2019 and January 2021. All are of contemporary design over two and three storeys. The scheme is situated off Dinting Lane at its junction with Dinting Road close to the allotments and the not far from the subject site or the railway station. They are not far from the retail park and back on to the railway. There appear to be five house types in total

House Type	Sale Price/Date	Estimated Value
Two bedroom terraced house of 893 sq ft with driveway parking	£227,500 to £230,000 (£255 to £257 per sq ft) May 2019 to October 2019	£309,470 to £318,579 (£346 to £357 per sq ft)
Three bedroom semi-detached houses of 1,507 sq ft over three storeys with driveway parking	£323,750 to £345,000 (£215 to £229 per sq ft) May 2019 to January 2021	£452,241 to £483,128 (£300 to £321 per sq ft)
Three bedroom detached house of 1,507 sq ft over three storeys with driveway parking	£360,000 (£239 per sq ft) March 2019	£503,622 (£334 per sq ft)
Four bedroom detached house of 1,668 sq ft over three storeys with driveway parking	£470,000 to £472,500 (£282 to £283 per sq ft) August 2020	£623,477 to £626,794 (£374 to £376 per sq ft)

Mouselow Mews, Glossop SK13 6AD

8.2.8 This scheme of eight, mainly detached houses is situated off The Shaw, close to the railway line due north of the subject site and of the railway station towards Hadfield. We are aware of the following, again with reference to Land Registry house price indexation:

Three bedroom two storey semi-detached house of 936 sq ft	£262,500 (£280 per sq ft) March 2021	£319,866 (£342 per sq ft)
Four bedroom detached two storey house of 1,526 sq ft with integral single garage	£375,000 to £399,950 (£246 to £262 per sq ft) Jan 2020 to Dec 2020	£472,903 to £533,417 (£310 to £350 per sq ft)
Four bed detached two storey house of 1,812 sq ft with integral single garage and conservatory	£440,000 (£243 per sq ft) February 2020	£603,781 (£333 per sq ft)

Croft Park, Ellison Street, Glossop SK13 8GS

8.2.9 A scheme of 22 units situated adjacent to the Glossop Police station in the town centre close to the railway station, north of High Street East. We are aware of the following historic sales which have had indexation applied in the same way as above to indicate possible current values.

Three bedroom (assumed) two storey semi-detached house of 904 sq ft with driveway parking	£235,000 to £255,000 (£260 to £282 per sq ft) March 2020 to Feb 2021	£327,116 to £313,525 (£347 to £362 per sq ft)
Four bedroom three storey semi-detached / terraced house of 1,206 sq ft with driveway parking	£267,500 to £295,000 (£222 to £245 per sq ft) Feb 2020 to Dec 2020	£344,057 to £404,087 (£285 to £335 per sq ft)

Former Woods Mill site, Glossop

8.2.10 A modern development by Rydale Homes of 57 houses and apartments either side of the Glossop Brook in close proximity to the new Lidl development. We set out the most relevant evidence, again with indexation for comparison to possible current values.

Two bed apartment in a block extending to 678 sq ft	£165,000 to £175,000 (£243 to £258 per sq ft) Nov 2020 to July 2021	£188,795 to £200,265 (£278 to £295 per sq ft)
Two bed two storey terraced house of 738 sq ft with remote garage or driveway parking	£215,000 (£291 per sq ft) March 2019 to Feb 2020	£285,398 to £293,858 (£387 to £398 per sq ft)
Two bed two storey terraced house of 935 sq ft with attached garage	£232,000 to £238,000 (£248 to £255 per sq ft) (Jan to Nov 2019)	£315,287 to £319,286 (£337 to £347 per sq ft)
Three bed two storey terraced house of 1,010 sq ft with integral garage	£235,000 to £288,000 (£233 to £285 per sq ft) July to December 2019	£316,643 to £408,330* (£314 to £404 per sq ft)

Three bed two and a half storey terraced house of 1,300 sq ft with integral garage	£299,950 to £310,000 (£231 to £238 per sq ft) January to October 2019	£404,093 to £417,111** (£311 to £340 per sq ft)
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NOTE: * No 13 Samuel Wood close is currently on the market at £370,000 as a second hand sale suggesting the lower end of the range might be understated ** No 6 Glossop Brook View is currently under offer at £370,000 as a second hand sale suggesting the lower end of the range is more appropriate

Willow Gardens, New Road, Tintwistle,

8.2.11 165 unit Barratt Homes scheme just north of the River Etherow at Tintwistle which is north of Glossop and Hadfield in a mixed use area with a concentration of commercial users south and established residential uses north. There is a sewage works on the site boundary, access to which is through the scheme.

8.2.12 We are aware of the following sales, some of which are more recent than those put forward in the FVA

Folkestone / Maidstone – three bedroom semi-detached house of 830 sq ft with driveway parking	£209,995 to £227,995 (£253 to £275 per sq ft) March to Dec 2021	£255,887 to £267,117 (£308 to £322 per sq ft)
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Ennerdale – three bedroom semi detached house of 917 sq ft with garage	£235,995 (£257 per sq ft) October 2021	£278,187 (£303 per sq ft)
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Queensville/Kingsville – three bedroom semi detached 2.5 storey house of 1,073 sq ft with driveway parking	£224,995 to £241,995 (£212 to £269 per sq ft) Oct 2020 to Aug 2021	£284,555 to £292,907 (£265 to £273 per sq ft)
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Chester – four bedroom detached house of 1,032 sq ft with garage and driveway parking	£262,995 to £280,995 (£255 to £272 per sq ft) March to October 2021	£322,037 to £339,434 (£312 to £329 per sq ft)
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Alderney -four bedroom detached house of 1,225 sq ft with garage and driveway parking	£313,995 (£256 per sq ft) April 2021	£390,670 (£319 per sq ft)
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Laurel View, North Road, Glossop

8.2.13 This Taylor Wimpey scheme of 150 units was completed in circa 2019 and is located north east of the subject property, and north of Glossop, towards Padfield not far from Howard Park. The following is relevant to the market context:

Three bedroom two storey semi detached house of 861 sq ft with driveway parking	£229,995 to £236,995 (£267 - £275 per sq ft) May to October 2019	£321,276 to £330,172 (£373 to £383 per sq ft)
---	--	--

Three bedroom semi detached 2.5 storey house of 1,109 sq ft with driveway parking	£254,995 to £262,995 (£230 to £237 per sq ft) March to September 2019	£358,324 to £370,669 (£323 to £334 per sq ft)
Four bedroom two storey detached house of 1,335 sq ft with integral garage	£372,995 to £374,995 (£277 to £281 per sq ft) June to December 2019	£518,495 to £527,234 (£388 to £395 per sq ft)
Four bedroom two storey detached house of 1,378 sq ft with detached single garage	£349,995 to £376,995 (£254 to 3274 per sq ft) Feb to Dec 2019	£484,427 to £524,056 (£352 to £380 per sq ft)
Four bedroom two storey detached house of 1,464 sq ft with integral single garage	£379,995 to £385,995 (£260 to £264 per sq ft) March to December 2019	£535,791 to £536,567 (£366 to £367 per sq ft)

8.2.14 Whilst this appears to be a better overall location, it is worth noting that the level of values achieved for detached four bedroom houses in particular in 2019.

Conclusion

8.2.15 There is a wide range of values from the above. The closest in terms of location are The View, Uplands and Mouselow Mews but all are in close proximity in general terms. We have been careful not to place too much weight on the indexed values relating to earlier sales and have generally been cautious in our approach but we are of the view that the FVA is pessimistic in its assessment of GDV.

8.2.16 Our opinion of GDV is a total of £29,820,000 (as set out in Appendix Two) which is £306 per sq ft overall and some 12% higher than the Applicant's figures. This is clearly a significant difference.

8.3 Build Costs

Base Build Costs

8.3.1 The FVA has assessed the base build costs using information provided, we understand, from the Applicant direct utilising different costs for each dwelling type ranging from £110 per sq ft to £120 per sq ft plus external costs in reaching an overage base build estimate of £12,657,289. A break down has not been provided but the figure equate to £130 per sq ft overall on the Net Sales Area.

8.3.2 Garages are included separately, whether they be detached, attached or integral, at £10,000 per unit for 25 single garages and £20,000 per unit for eight double garages. This adds a further £330,000 into the cost plan.

Abnormal Development Costs

8.3.3 In addition to the above, a significant list of abnormal development costs has been put forward albeit without much in the way of justification. These total £4.32 million which equates to £43,200 per plot.

a)	Tree works	£50,00
b)	Contamination hotspot	£50,000
c)	Reduce levels	£76,325
d)	Cart away	£375,750
e)	Import clean stone fill	£81,362
f)	Foul drainage	£176,125
g)	SW Drainage	£626,225
h)	Electricity substation	£75,000
i)	Foundation abnormalities	£703,950
j)	Retaining structures	£303,303
k)	Underbuild	£25,000
l)	POS setting out	£20,000
m)	POS maintenance	£10,500
n)	Bus stop	£50,000
o)	Chimney details	£97,000
p)	Roof tiles	£550,000
q)	Heads and cills	£80,000
r)	Stone facings	£140,000
s)	Habitat assessment	£60,000
t)	Part L & F	£490,000
u)	Future Homes Standards (35 plots)	£280,000
		£4,320,450

8.3.4 The Council have appointed Townsend & Renaudon to carry out an initial review of the costs put forward in the FVA and whilst they are generally content with the overall level of costs they are unable to be specific about the majority of the abnormal costs set out above, without further detailed information in support. The Applicant should be requested to provide more detail/breakdown in this regard including quantities, rates and the like.

8.3.11 At this stage, we are adopting the Applicant's total costs for the purposes of this initial review - but this will need to be re-visited in due course.

8.4 Contingency

8.4.1 The Applicant has applied a 3.5% contingency to all base build costs, garage costs and abnormal development costs which we accept as reasonable pending confirmation that the figures provided for abnormal costs do not already include a contingency allowance.

8.5 Professional Fees

8.5.1 The FVA adopts an allowance of 7% of the base build, garage and abnormal cost estimates to account for professional fee liabilities. We are again content to adopt this as reasonable.

8.6 Planning Contributions

8.6.1 The Applicant’s appraisal for the Proposed Development provides for a total of £104,025 for Section 106 contributions or other planning levies. At this stage, pending confirmation from the Council, we have done the same.

8.7 Marketing, Sale Costs and Legal Fees

8.7.1 The Applicant has adopted sale and marketing costs for the Market Housing units at 3.25% of the GDV and we this is higher than we would expect. We have adopted 2.5% in line with the majority of other appraisals/reviews carried out.

8.7.2 Residential conveyancing fees are accounted for at £75,000 equivalent to £750 per unit which is agreed.

8.8 Finance Costs and Development Period

8.8.1 The Applicant has adopted a finance rate of 7.5% per annum noting “that this is a particularly low finance rate”. We would expect a lower rate to apply for a development of this scale as it is a site that would attract a national housebuilder who tend to have access to cheaper funding. That said, we have adopted 7% at this stage in line with other reviews undertaken recently. We also include a 2.5% credit rate.

8.8.2 The FVA adopts a development programme extending to 41 months in total as set out below:

Element	Timescale
Land purchase	Month 1
Pre-construction	Month 1 to 3
Construction (18 months)	Month 4 to Month 39
Abnormals	Month 2 to Month 39 various
Market Housing sales (31 months)	Month 11 to Month 41

8.8.3 Having referred to the BCIS Duration Calculator we are content to adopt the same. The sales rate equates to 0.75 sales per week.

8.8.4 The appraisal within the FVA is explicit as to the cashflow timing, the majority of which we have accepted.

8.9 Land Acquisition Costs

8.9.1 The Applicant allows for SDLT and agent and legal fees, with the latter at £10,000 and £15,000 respectively. We adopt the same.

8.10 Developer's Profit Margin

8.10.1 The Proposed Development appraisal within the FVA is based on a profit margin of 20%. In our experience this is higher than the vast majority of schemes we review which are typically at 17.5% which is the figure we have adopted here.

8.11 Appraisal Results

8.11.1 Our residual appraisal (attached as Appendix Three) for the Proposed Development (with Section 106 contributions but 100% market housing) indicates a Residual Land Value of £3,720,000. This equates to a net land value of £37,200 per plot.

9.0 Stand Back

9.1 Evidence from Comparable Development Land Sales

9.1.1 The RICS Professional Statement Financial viability in planning: conduct and reporting 1st Edition May 2019 requires appraisers to consider the outputs of the residual appraisals objectively and with the benefit of experience and to apply judgement to the outcome of the residual appraisals. That is to say – determine whether there is any land sales evidence to support the results of our residual appraisal. The Professional Statement requires sensitivity analysis of the inputs to the residual appraisal to assess how changes in inputs can affect viability and to understand the extent to which a residual appraisal enables an appropriate determination of viability to be made.

9.1.2 The requirement to stand back can best be achieved by comparison of the RLV derived by reference to the residual appraisals with evidence from the sale of comparable development land transactions in line with the requirements of RICS Guidance Note (Valuation of Development Property). This is confirmed by the RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st Edition, March 2021 effective from 1st July 2021 at paragraph 2.2.4.

9.1.3 In this particular case, and at this stage in the review, we have not been able to identify much directly comparable development land sale transactions but this will be kept under review. We note that the Applicant has not provided any land sales evidence.

9.1.4 The evidence we have identified, in Section 8 above, is not definitive without further information relating to the extent of abnormal development cost applicable to each so that a simple gross land value comparison can be undertaken. However, both Hawkshead Grange and Bridge Mill are both developments on former Mill sites and are likely to have had significant abnormal development costs built into the net land values reported. Both provided an element of affordable housing (10% to 15%) and both are dated transactions at a time when values have improved. We are of the initial view that they are more supportive of our appraisal results than the Applicant's at £4,220 per plot for the Proposed Development.

9.2 Sensitivity Analysis

9.2.1 The latest RICS Professional Statement requires practitioners to provide sensitivity analysis of appraisals based upon an initial estimate of high and low end expectations for the various inputs to an appraisal as part of the stand back approach discussed above.

9.2.2 The FVA includes a sensitivity analysis based on the Policy Compliant development and tests the impact of development costs increasing and decreasing by 5%. Neither of these changes alter the basic premise that, on the applicant's figures, the Policy compliant scheme is £negative.

9.2.3 There is also comment relating to sensitivity testing GDV but it refers to the level of rent. In any event, the FVA stats that their opinion of the GDV is already maximised.

9.2.4 We have carried out sensitivity testing in respect of the Proposed Development relating to 5% incremental changes to both base build cost and GDV. The results are set out below.

Construction: Rate /ft ²					
Sales: Sales / Unit	-10.000%	-5.000%	0.000%	5.000%	10.000%
-10.000%	-£2,885,175 17.500%	-£2,294,973 17.500%	-£1,704,523 17.500%	-£1,113,968 17.500%	-£523,154 17.500%
-5.000%	-£3,892,581 17.500%	-£3,302,379 17.500%	-£2,712,177 17.500%	-£2,121,848 17.500%	-£1,531,293 17.500%
0.000%	-£4,899,920 17.500%	-£4,309,785 17.500%	-£3,719,583 17.500%	-£3,129,381 17.500%	-£2,539,173 17.500%
5.000%	-£5,906,993 17.500%	-£5,317,081 17.500%	-£4,726,989 17.500%	-£4,136,788 17.500%	-£3,546,586 17.500%
10.000%	-£6,914,068 17.500%	-£6,324,155 17.500%	-£5,734,243 17.500%	-£5,144,194 17.500%	-£4,553,992 17.500%

10.0 Conclusion

- 10.1 At this stage, we are of the opinion that the BLV is fairly represented by the sum of £1,057,250.
- 10.2 Pending confirmation of the points made in the preceding sections of this report, and consideration by the Applicant of land sales evidence, we are of the view that the RLV of the scheme proposals, assuming nil affordable housing and a Section 106 contribution of £104,025, is some £3,720,000.
- 10.3 On that basis, the scheme proposals can viably provide affordable housing, the quantum of which we can look to assess once the Applicant has responded to this review and its conclusions.

Assessor:



**Guy Emmerson MRICS
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP**

Appendix One

Site & Location Plan



DINTING VALE, GLOSSOP



Revision: _____ By: _____ Date: _____

Project Title: Proposed Development	
Location: Dinting Vale, Glossop	
Drawing Title: BDC Location Plan	
Drawing No: WWH05/SP01	
Date: 11/25	Scale: 1:1250
Drawn: AO	Checked: AO



	SQ M	Acres
Site Area	47140	11.6
POB Area	13059	3.3
Non Dev Area	48819	12
Net Dev Area	29272	6.9

Revision: A Plot 85 & 87 swapped, Footpath removed adjacent to Plot 81

By: RL Date: 27.09.22



DINTING VALE, GLOSSOP

Client: **Wain Homes**

Project Title: Proposed Development

Address: Dinting Vale, Glossop

Drawing Title: BDC Colour Site Layout

Drawing No: WH/DV/CSL01

Dim: MB Ck: CC Date: 14/06/2022

Scale: 1:500 Paper Size: A1 Rev: A

Appendix Two

GDV Comparison

House Type	Type	Parking	Storeys	Beds	Sq m	Sq ft	Number	Total Sq ft	Applicant Value			BK Value			
									£	£psf	Total	£	£psf	Total	
Chinley	Apartment	1 space	2	1	46.76	503	6	3,018	£110,000	£219	£660,000	£135,000	£268	£810,000	
Trevithik	Mews/Semi	2 spaces	2	2/3	75.81	816	21	17,136	£230,000	£282	£4,830,000	£260,000	£319	£5,460,000	
Brahms	Mews/Semi	2 spaces	2	2	81.76	880	20	17,600	£235,000	£267	£4,700,000	£270,000	£307	£5,400,000	
Brunswick	Semi	2 spaces	2	3	85.14	916	14	12,824	£250,000	£273	£3,500,000	£300,000	£328	£4,200,000	
Nelson	Detached	integral garage	2	3/4	94.11	1,013	8	8,104	£290,000	£286	£2,320,000	£330,000	£326	£2,640,000	
Jenner	Semi	2/3 spaces	3	3/4	102.1	1,099	10	10,990	£275,000	£250	£2,750,000	£305,000	£278	£3,050,000	
Newton	Detached	integral garage	2	4	114.55	1,233	11	13,563	£350,000	£284	£3,850,000	£375,000	£304	£4,125,000	
Wordsworth	Detached	single garage	3	4	121.52	1,308	3	3,924	£335,000	£256	£1,005,000	£370,000	£283	£1,110,000	
Shakespeare	Detached	integral garage	2	4	125.47	1,351	3	4,053	£385,000	£285	£1,155,000	£395,000	£292	£1,185,000	
Priestley	Detached	double garage	2	4	141.95	1,528	4	6,112	£435,000	£285	£1,740,000	£460,000	£301	£1,840,000	
								100	97,324		£272	£26,510,000		£306	£29,820,000

Appendix Three

Residual Appraisal – The Proposed Development

Land at Dinting Vale
100% Market Housing and Section 106 costs

S curve costs, straight line sales

**Land at Dinting Vale
100% Market Housing and Section 106 costs**

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Chinley 1 bed apt	6	3,020	268.21	135,000	810,000
Trevethick 2 bed	21	17,136	318.63	260,000	5,460,000
Brahms 2 bed	20	17,600	306.82	270,000	5,400,000
Brunswick 3 bed	14	12,824	327.51	300,000	4,200,000
Nelson 3 bed det	8	8,104	325.77	330,000	2,640,000
Jenner 3 bed 3 storey	10	10,990	277.53	305,000	3,050,000
Newton 4 bed det	11	13,563	304.14	375,000	4,125,000
Wordsworth 4 bed det 3 storey	3	3,924	282.87	370,000	1,110,000
Shakespeare 4 bed det	3	4,050	292.59	395,000	1,185,000
Priestley 4 bed det	4	6,112	301.05	460,000	1,840,000
Totals	100	97,323			29,820,000

NET REALISATION **29,820,000**

OUTLAY

ACQUISITION COSTS

Residualised Price	3,719,583	3,719,583
Stamp Duty	175,479	
Effective Stamp Duty Rate	4.72%	
Agent Fee	10,000	
Legal Fee	15,000	
		200,479

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Single garages	25 un	10,000	250,000
Double garages	4 un	20,000	80,000
Totals			330,000
	ft²	Build Rate ft²	Cost
Chinley 1 bed apt	3,020	138.00	416,760
Trevethick 2 bed	17,136	129.80	2,224,253
Brahms 2 bed	17,600	129.80	2,284,480
Brunswick 3 bed	12,824	129.80	1,664,555
Nelson 3 bed det	8,104	129.80	1,051,899
Jenner 3 bed 3 storey	10,990	129.80	1,426,502
Newton 4 bed det	13,563	129.80	1,760,477
Wordsworth 4 bed det 3 storey	3,924	129.80	509,335
Shakespeare 4 bed det	4,050	129.80	525,690
Priestley 4 bed det	6,112	129.80	793,338
Totals	97,323 ft²		12,657,289
Contingency		3.50%	605,771
			13,593,060

Other Construction Costs

Tree Works	50,000
Contamination Hotspot	50,000
Reduce Levels	76,235
Cart away	375,750
Import clean stone fill	81,362
Foul drainage	176,125
SW Drainage	626,225
Substation	75,000
POS setting out	20,000
POS maintenance	10,500
Foundation Abnormals	703,950
Retaining Structures	303,303
Underbuild onstruction Costs	25,000
Bus stop	50,000
Chimney Details	97,000
Roof tiles	550,000
Heads and cills	80,000
Stone facing	140,000
Habitat Assessment	60,000

Land at Dinting Vale

100% Market Housing and Section 106 costs

Building Regs Part L		490,000	
Future Homes Zero Carbon 35 plots		280,000	
			4,320,450

Section 106 Costs

SEN places		96,203	
Library contribution		7,822	
			104,025

PROFESSIONAL FEES

Architect	7.00%	1,211,542	
			1,211,542

DISPOSAL FEES

Sales Agent Fee		2.50%	745,500	
Sales Legal Fee	100 un	750.00 /un	75,000	
				820,500

TOTAL COSTS BEFORE FINANCE

23,969,640

FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Mar 2023
Construction	36	Jun 2023
Sale	31	Jan 2024
Total Duration	41	

Debit Rate 7.000%, Credit Rate 2.500% (Nominal)			
Land		711,422	
Construction		70,602	
Other		8,959	
Total Finance Cost			631,861

TOTAL COSTS

24,601,500

PROFIT

5,218,500

Performance Measures

Gross Profit on Cost%	24.41%
Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR% (without Interest)	35.44%
Profit Erosion (finance rate 7.000)	2 yrs 9 mths
Cost per Gross ft²	253
Land Cost pAcre	0
Land Cost per Plot	37,196